

QUARTERLY ACCOUNTS
For the period ended March 31, 2020
(Un-Audited)



FIRST IMROOZ MODARABA

Managed By
A R Management Services (Private) Limited



FIRST IMROOZ MODARABA

MODARABA INFORMATION

Modaraba Management Company	A R Management Services (Private) Ltd.
Directors of Modaraba Company	Mr. Naveed Riaz – Chief Executive Mrs. Saadat Ikram Mr. Ameer Riaz Mr. Omar Mohammad Khan
Chief Financial Officer	Mr. Ateed Riaz
Audit Committee	Mr. Omar Mohammad Khan (Chairman) Mrs. Saadat Ikram (Member) Mr. Ameer Riaz (Member)
Human Resource Committee	Mr. Omar Mohammad Khan (Chairman) Mrs. Saadat Ikram (Member) Mr. Ameer Riaz (Member)
Company Secretary	Mr. Shabbir Ahmed Jamsa
Chief Internal Auditor	Mr. Abbas Kerani
Auditors	M/s. BDO Ebrahim & Co. Chartered Accountants
Bankers	Soneri Bank Limited Bank Al Falah Limited
Legal Advisors	Mr. Masood Aziz Advocate Masood Aziz & Associates
Shariah Advisor	Mufti Abdul Qadir
Principal place of business	Room No. 405, 4 th Floor Beaumont Plaza, Beaumont Road Civil Lines Quarters, Karachi.
Registered Office of the Modaraba Company	125-S, Small Industrial Area Kot Lakhpat, Lahore.
Certificate Registration Office	F.D. Registrar Services (Pvt) Limited 17th Floor, Saima Trade Tower-A I.I. Chundrigar Road, Karachi.



FIRST IMROOZ MODARABA

REPORT OF THE DIRECTORS

The Board of Directors of A R Management Services (Private) Limited, the management company of First Imrooz Modaraba are pleased to present their report alongwith un-audited financial statements for third quarter and nine months period ended March 31, 2020.

1. Financial Highlights

Financial results of the Modaraba are summarized as under: -

	(Rupees in million)	
	Nine months ended	
	31-Mar-20	31-Mar-19
Sales	418.672	538.878
Gross profit	93.710	95.894
Operating expenses	48.621	52.910
Other income	1.055	0.660
Profit before taxation	39.870	37.372
Taxation	19.085	26.564
Profit for the period	20.785	10.808
Earnings per certificate - basic & diluted (Rupees)	6.93	3.60

2. Review of Operations

The turnover for the nine months' period ended March 31, 2020 decreased to Rs. 418.672 million as compared to Rs. 538.878 million of the corresponding period last year. This decrease is due to overall economic and business slowdown in the country.

However, the gross profit did not decrease significantly. We closed the nine months at Rs. 93.710 million compared to Rs. 95.894 of the same period last year. This is mainly due to better profit margin and stability in exchange rate.

Despite inflationary trends, we were able to decrease expenses to Rs. 48.621 million as compared to Rs. 52.910 million of the corresponding period last year.

As a result, the Modaraba recorded a profit of Rs. 20.785 million as against profit of Rs. 10.808 million of the corresponding period.

We would like to point out that this is after a loss of Rs. 2.810 million in the third quarter. This is because of slow down of world economy since January 2020 due to spread of Corona virus (COVID-19). Further, in Pakistan, lockdown was also implemented in March 2020.

We foresee a difficult period till the year end closing in June 2020.

The earnings of the Modaraba are Rs. 6.93 per certificate versus Rs. 3.60 of the same period last year.

3. Acknowledgement

The Board wishes to express its thanks for continued guidance and support extended by the Registrar Modaraba and other officials of Securities and Exchange Commission of Pakistan. The Board also wishes to thank its certificate holders, colleagues, investors, bankers and business accounts for their continued support and co-operation.

For and on behalf of the Board

Naveed Riaz
Chief Executive

Ameed Riaz
Director

April 23, 2020



FIRST IMROOZ MODARABA

ڈائریکٹرز کی رپورٹ

فرسٹ امروز مضاربہ کی انتظامی کمپنی اے آر مینجمنٹ سروسز (پرائیویٹ) لمیٹڈ کے بورڈ آف ڈائریکٹرز مضاربہ کی تیسری سہ ماہی اور نو ماہ کی اختتامی مدت 31 مارچ 2020 کے غیر آڈنڈ شدہ مالی نتائج کے حوالے سے رپورٹ پیش کرتے ہوئے مسرت محسوس کرتے ہیں۔

1- نمایاں مالیاتی نکات

مضاربہ کے مالیاتی نتائج مندرجہ ذیل ہیں:

(ملین روپوں میں)		
نو ماہ کے نتائج		
31-Mar-19	31-Mar-20	
538.878	418.672	فروخت
95.894	93.710	مجموعی منافع
52.910	48.621	انتظامی اخراجات
0.660	1.055	دیگر آمدن
37.372	39.870	قبل از ٹیکس منافع
26.564	19.085	ٹیکس
10.808	20.785	بعد از ٹیکس منافع
3.60	6.93	فی کس سرٹیفکیٹ آمدنی (بنیادی اور تھمیل شدہ) روپے

2 - کارکردگی کا جائزہ

زیر غور مدت کے دوران مضاربہ کی اشیاء کی فروخت 418.672 ملین روپے تک رہی جبکہ اسکے مقابلے میں پچھلے سال کے اسی دورانیے میں یہ فروخت 538.878 ملین روپے تھی۔ اس کی بنیادی سبب مجموعی ملکی معیشت اور کاروبار کی سست روی ہے۔ تاہم، مجموعی منافع میں نمایاں کمی واقع نہیں ہوئی۔ نومینے کے اختتام پر خام منافع 93.710 ملین روپے تک رہا، جب کہ اس کے مقابلے پچھلے سال اسی مدت کے دوران مجموعی منافع 95.894 ملین روپے تھا۔ اس کی بنیادی وجہ منافع کی شرح میں بہتری اور شرح تبادلہ میں استحکام ہے۔ افراط زر کے رجحانات کے باوجود ہم اخراجات کو کم کر کے 48.621 ملین روپے پر لانے میں کامیاب رہے جب کہ گزشتہ سال اسی مدت میں یہ 52.910 ملین روپے تھے۔ نتیجتاً مضاربہ کا منافع 20.785 ملین روپے رہا، جو کہ گزشتہ مقابلے میں 10.808 ملین روپے تھا۔ یہاں اس بات کی نشاندہی بھی ضروری ہے کہ یہ نتائج تیسری سہ ماہی کے 2.810 ملین روپے کے نقصان کے بعد کے ہیں۔ اس کی وجہ کرونا وائرس کے پھیلاؤ کی وجہ سے جنوری 2020 کے بعد سے عالمی معیشت میں سست روی ہے۔ مزید یہ کہ پاکستان میں بھی مارچ 2020 سے لاک ڈاؤن نافذ کیا گیا تھا۔ ہمیں سال کے اختتام جون 2020 تک مشکل حالات دکھائی دے رہے ہیں۔ مضاربہ کی فی کس سرٹیفکیٹ آمدنی 6.93 روپے رہی جو کہ پچھلی مقابلے میں 3.60 روپے تھی۔

3 - اعتراف نامہ

بورڈ اس موقع پر رجسٹرار مضاربہ اور سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے دیگر حکام کی مسلسل رہنمائی اور مدد کے لئے اپنے تشکر کا اظہار کرتا ہے۔ بورڈ اس کے علاوہ اپنے سرٹیفکیٹ ہولڈرز، رفقاء کار، سرمایہ کاروں، بینکاروں اور کاروباری پارٹیوں کی رہنمائی اور مدد کے لئے ان سب کا شکر گزار ہے۔

منجانب بورڈ

عمید ریاض

ڈائریکٹر

نوید ریاض

چیف ایگزیکٹو

23 اپریل، 2020



FIRST IMROOZ MODARABA

CONDENSED INTERIM BALANCE SHEET AS AT MARCH 31, 2020

	(Un-audited) March 31, 2020 Rupees	(Audited) June 30, 2019 Rupees
NON CURRENT ASSETS		
Property and equipment	7,375,919	9,294,441
Intangible assets	-	333,323
Long term deposits	590,752	490,752
	<u>7,966,671</u>	<u>10,118,516</u>
CURRENT ASSETS		
Stock in trade	241,460,420	212,679,008
Trade debtors	139,164,942	98,602,686
Advances, deposits, prepayments and other receivables	4,008,305	1,031,467
Taxation	8,914,074	7,450,310
Cash and bank balances	2,587,667	11,346,950
	<u>396,135,407</u>	<u>331,110,421</u>
	<u>404,102,078</u>	<u>341,228,937</u>
CAPITAL AND RESERVES		
Authorised capital		
10,000,000 Modaraba certificates of Rs.10 each	<u>100,000,000</u>	<u>100,000,000</u>
Issued, subscribed and paid-up certificate capital	30,000,000	30,000,000
Statutory reserve	94,143,390	94,143,390
Revenue reserve	20,804,923	15,020,145
	<u>144,948,313</u>	<u>139,163,535</u>
NON CURRENT LIABILITY		
Defined benefit plan - Staff gratuity	34,776,524	30,196,633
CURRENT LIABILITIES		
Obligation under financing	34,331,512	74,637,490
Qard-e-Hasana from Modaraba Management Company	31,800,000	-
Creditors, accrued and other liabilities	158,245,729	97,231,279
	<u>224,377,241</u>	<u>171,868,769</u>
CONTINGENCIES AND COMMITMENTS	3	
	<u>404,102,078</u>	<u>341,228,937</u>

The annexed notes from 1 to 4 form an integral part of these condensed interim financial information.

for A R Management Services (Private) Limited
(Modaraba Management Company)

NAVEED RIAZ
CHIEF EXECUTIVE

MRS. SADAAT IKRAM
DIRECTOR

AMEED RIAZ
DIRECTOR

ATEED RIAZ
CHIEF FINANCIAL OFFICER



FIRST IMROOZ MODARABA

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR NINE MONTHS AND QUARTER ENDED MARCH 31, 2020 (UN-AUDITED)

	Nine months ended		Quarter ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	Rupees			
Sales	418,672,487	538,877,950	158,100,074	167,213,732
Cost of sales	<u>(324,962,564)</u>	<u>(442,984,332)</u>	<u>(136,364,220)</u>	<u>(126,512,426)</u>
Gross profit	93,709,923	95,893,618	21,735,854	40,701,306
Operating expenses	<u>(48,620,591)</u>	<u>(52,910,207)</u>	<u>(14,554,199)</u>	<u>(14,419,582)</u>
Operating profit	45,089,332	42,983,411	7,181,655	26,281,724
Murabaha charges	(1,321,328)	(2,584,687)	(260,212)	(1,102,890)
Musharaka charges	(4,139,062)	(2,924,444)	(1,215,869)	(2,236,155)
Other income	1,054,628	659,960	372,200	567,729
Provision for Sindh Workers' Welfare Fund	<u>(813,671)</u>	<u>(762,685)</u>	<u>(121,555)</u>	<u>(470,209)</u>
Profit before taxation	39,869,900	37,371,555	5,956,219	23,040,199
Taxation	<u>(19,085,125)</u>	<u>(26,563,728)</u>	<u>(8,766,007)</u>	<u>(7,396,407)</u>
Profit / (Loss) for the period	20,784,775	10,807,827	(2,809,788)	15,643,792
Other comprehensive income	-	-	-	-
Total comprehensive income / (loss) for the period	<u>20,784,775</u>	<u>10,807,827</u>	<u>(2,809,788)</u>	<u>15,643,792</u>
Earnings per certificate - basic and diluted	<u>6.93</u>	<u>3.60</u>	<u>(0.94)</u>	<u>5.21</u>

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**for A R Management Services (Private) Limited
(Modaraba Management Company)**

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DIRECTOR

AMEED RIAZ
DIRECTOR

ATEED RIAZ
CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR NINE MONTHS AND QUARTER ENDED MARCH 31, 2020 (UN-AUDITED)**

	Nine months ended		Quarter ended	
	Mar 31, 2020	Mar 31, 2019	Mar 31, 2020	Mar 31, 2019
Rupees				
A. CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	39,869,900	37,371,555	5,956,219	23,040,199
Adjustments for:				
Depreciation	2,878,379	2,984,575	981,084	975,447
Amortization	333,321	375,003	83,319	125,001
Gain on disposal of property and equipment	(922,377)	(516,584)	(322,379)	(519,999)
Murabaha charges	1,321,328	2,584,687	260,212	1,102,890
Musharaka charges	4,139,062	2,924,444	1,215,869	2,236,155
Provision for staff gratuity	6,449,671	2,811,843	2,149,890	937,281
Provision for doubtful debt	(592,979)	936,212	(700,000)	(221,873)
	13,606,405	12,100,180	3,667,995	4,634,902
	53,476,304	49,471,735	9,624,214	27,675,101
Changes in operating assets and liabilities				
(Increase) / Decrease in current assets				
Stock in trade	(28,781,412)	61,992,225	(57,781,904)	29,933,595
Trade debtors	(39,969,277)	(2,125,039)	(6,854,877)	(18,275,258)
Advances, deposits, prepayments & other receivables	(3,076,838)	(4,133,754)	(1,062,983)	(3,544,656)
	(71,827,527)	55,733,432	(65,699,764)	8,113,681
Increase / (decrease) in current liabilities				
Creditors, accrued and other liabilities	61,078,881	(53,649,792)	75,380,713	(80,368,478)
Cash generated from / (used in) operating activities	42,727,658	51,555,375	19,305,163	(44,579,696)
Murabaha charges paid	(1,674,547)	(2,561,978)	(359,817)	(1,383,131)
Musharaka charges paid	(4,470,990)	(688,289)	(1,312,819)	-
Income tax paid	(20,548,889)	(26,528,518)	(8,216,816)	(10,414,512)
Gratuity paid	(1,869,780)	-	(1,513,320)	-
Net cash generated from / (used in) operating activities	14,163,453	21,776,590	7,902,391	(56,377,339)
B. CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property and equipment	(977,480)	(1,016,049)	-	(212,104)
Proceeds from disposal of property and equipment	940,000	541,000	340,000	520,000
Net cash (used in) / generated from investing activities	(37,480)	(475,049)	340,000	307,896
C. CASH FLOWS FROM FINANCING ACTIVITIES				
Dividend paid	(14,379,278)	(16,474,457)	(21,476)	(262,786)
Receipts of Qard-e-Hasana from Modaraba Management Company	97,000,000	104,700,000	18,000,000	29,500,000
Repayment of Qard-e-Hasana to Modaraba Management Company	(65,200,000)	(199,100,000)	(21,200,000)	(8,000,000)
Receipts from Murabaha finances	20,019,129	192,745,575	4,441,753	66,682,648
Repayment of Murabaha finances	(47,162,167)	-	(33,428,278)	-
Repayment of Musharaka finances	(13,162,940)	(98,607,857)	24,304,261	(24,884,890)
Net cash (used in) / generated from financing activities	(22,885,256)	(16,736,739)	(7,903,740)	63,034,972
Net (decrease) / increase in cash and cash equivalent (A+B+C)	(8,759,283)	4,564,802	338,651	6,965,529
Cash and cash equivalent at the beginning of the period	11,346,950	14,070,366	2,249,016	11,669,639
Cash and cash equivalent at the end of the period	2,587,667	18,635,168	2,587,667	18,635,168

The annexed notes from 1 to 4 form an integral part of these condensed interim financial information.

**for A R Management Services (Private) Limited
(Modaraba Management Company)**

NAVEED RIAZ
CHIEF EXECUTIVE

MRS. SADAAT IKRAM
DIRECTOR

AMEED RIAZ
DIRECTOR

ATEED RIAZ
CHIEF FINANCIAL OFFICER



FIRST IMROOZ MODARABA

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR NINE MONTHS ENDED MARCH 31, 2020 (UN-AUDITED)

	Paid-up certificate	Statutory reserve	Revenue reserve (Accumulated losses) / Unappropriated profit	Total
	----- (Rupees) -----			
Balance as at July 01, 2018	30,000,000	85,284,849	19,575,963	134,860,812
Transaction with owners				
Profit distribution for the year ended June 30, 2018 @ Rs. 5.67 per certificate	-	-	(17,010,000)	(17,010,000)
Total comprehensive income				
Profit for the period - Jul 18 to Mar 19	-	-	10,807,827	10,807,827
Other comprehensive income	-	-	-	-
	-	-	10,807,827	10,807,827
Balance as at March 31, 2019	<u>30,000,000</u>	<u>85,284,849</u>	<u>13,373,790</u>	<u>128,658,639</u>
Total comprehensive income				
Profit for the period - Apr 19 to Jun 19	-	-	14,502,290	14,502,290
Other comprehensive income	-	-	-	-
	-	-	14,502,290	14,502,290
Transfer to statutory reserve	-	8,858,541	(8,858,541)	-
Other comprehensive income / (loss)	-	-	(3,997,394)	(3,997,394)
Balance as at June 30, 2019	<u>30,000,000</u>	<u>94,143,390</u>	<u>15,020,145</u>	<u>139,163,535</u>
Transaction with owners				
Profit distribution for the year ended June 30, 2019 @ Rs. 5 per certificate	-	-	(15,000,000)	(15,000,000)
Total comprehensive income				
Profit for the period - Jul 19 to Mar 20	-	-	20,784,775	20,784,775
Other comprehensive income	-	-	-	-
	-	-	20,784,775	20,784,775
Balance as at March 31, 2020	<u>30,000,000</u>	<u>94,143,390</u>	<u>20,804,923</u>	<u>144,948,313</u>

The annexed notes from 1 to 4 form an integral part of these condensed interim financial information.

for A R Management Services (Private) Limited
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FIRST IMROOZ MODARABA

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR NINE MONTHS ENDED MARCH 31, 2020 (UN-AUDITED)

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 First Imrooz Modaraba (the Modaraba) was formed on September 27, 1993 under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) and the Rules framed there under and is managed by A R Management Services (Private) Limited. The Modaraba commenced its commercial operations from March 01, 1994. The Modaraba is listed on Pakistan Stock Exchange.
- 1.2 The principal place of the business of the Modaraba is situated at Room No. 405, 4th Floor, Beaumont Plaza, Beaumont Road, Civil Lines Quarters, Karachi, in the province of Sindh, Pakistan.
- 1.3 It is a multi purpose, perpetual Modaraba and is mainly engaged in domestic and international trading activities.

2. BASIS OF PREPARATION

- 2.1.1 This condensed interim financial information has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of International Accounting Standard (IAS) 34 - Interim Financial Reporting, Islamic Financial Accounting Standards (IFAS) as notified under the provisions of the Companies Act, 2017, Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Modaraba Companies and Modaraba Rules, 1981 and directives issued by the Securities and Exchange Commission of Pakistan (SECP) ['the Modaraba Regulations'].

Wherever the requirements of 'the Modaraba Regulations' differ from the requirements of International Accounting Standard (IAS) 34 - Interim Financial Reporting and Islamic Financial Accounting Standards (IFAS), requirements of 'the Modaraba Regulations' have been followed.

- 2.1.2 The disclosures made in this condensed interim financial information have been limited based on the requirements of IAS 34. This condensed interim financial information does not include all information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Modaraba for the year ended June 30, 2019.
- 2.1.3 The comparative statement of balance sheet presented in this condensed interim financial information has been extracted from the annual audited financial statements of the Modaraba for the year ended June 30, 2019, whereas the comparative condensed interim profit and loss account, condensed interim cash flow statement, condensed interim statement of changes in equity of the Modaraba are extracted from the unaudited condensed interim financial information for nine months ended March 31, 2019.
- 2.1.4 This condensed interim financial information has been prepared under the historical cost convention except for defined benefit plan - staff gratuity which is carried as per actuarial valuation.
- 2.1.5 This condensed interim financial information is prepared in Pakistani Rupees which is the Modaraba's functional and presentation currency. The figures in this condensed interim financial information have been rounded off to the nearest rupee unless otherwise specified.



FIRST IMROOZ MODARABA

2.2 SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ACCOUNTING ESTIMATES, JUDGEMENT AND CHANGES THEREIN

The accounting policies adopted for the preparation of the condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements of the Modaraba for the year ended June 30, 2019.

3. CONTINGENCIES AND COMMITMENTS

3.1 Contingencies

There is no change in the status of matter of show cause notice issued to the Modaraba by the Collectorate of Customs, Karachi for recovery of Customs Duty, Additional Customs Duty, Sales Tax and Income Tax as disclosed in note 19.1 of the annual audited financial statements of the Modaraba for the year ended June 30, 2019.

3.2 Commitments

3.2.1 The Modaraba has issued post dated cheques to the Collector of Customs amounting to Rs. 25.120 million (June 30, 2019 : Rs. 54.585 million) on account of custom dues and taxes on goods at bonded warehouse.

3.2.2 Commitments in respect of outstanding letters of credit (LC) for trading stock amounting to Rs. 24.151 million (June 30, 2019 : Rs. 29.504 million).

4. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was approved by the Board of Directors of the Modaraba Management Company and authorized for issue on April 23, 2020.

**for A R Management Services (Private) Limited
(Modaraba Management Company)**

**NAVEED RIAZ
CHIEF EXECUTIVE**

**MRS. SADAAT IKRAM
DIRECTOR**

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